

Market Oversight and Investigations: Corporate Response & Responsibilities

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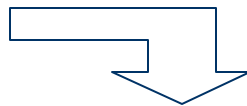
Outline

- Introduce OMOI
- Overview of Enforcement
- Suggestions for market participants

OMOI is the Third Prong of FERC's Strategic Plan.

FERC's Strategic Initiatives:

- Infrastructure
- Rules
- Enforcement



OMOI

- Management and Communications
- Market Oversight and Assessment
- Investigations and Enforcement

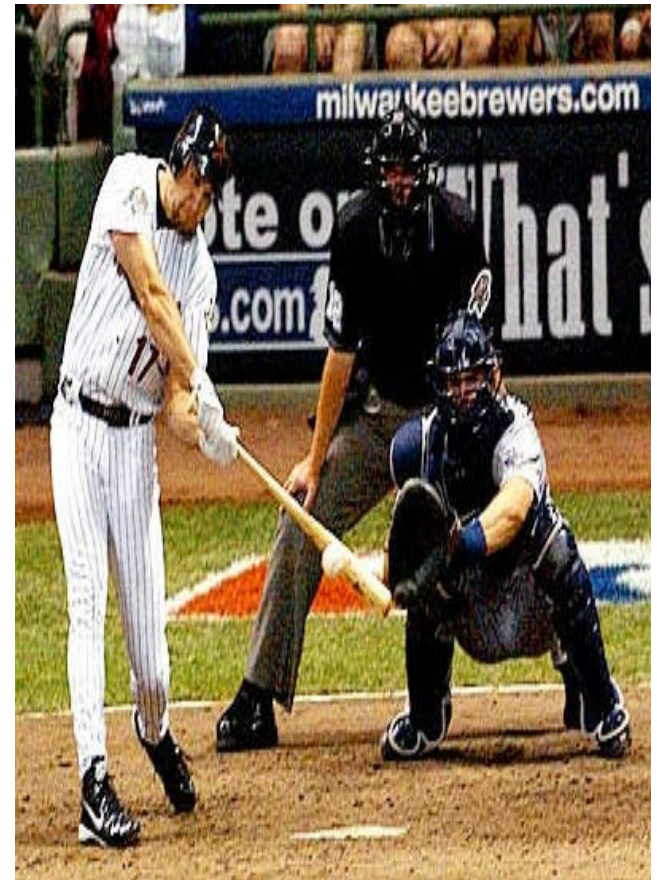
OMOI Has Three Centers of Activity: Management and Communications.

- Management and Communications
(George Godding)
 - Outreach
 - Administration

OMOI Has Three Centers of Activity: Market Oversight and Assessment.

- Market Oversight and Assessment
(Steve Harvey)
 - Market structure
 - Policies
 - Market Research

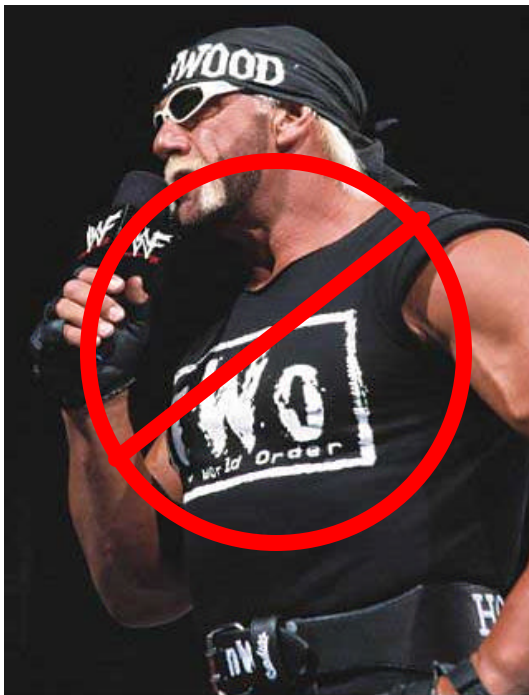
The Markets Need Comprehensive Data.



OMOI Has Three Centers of Activity: Investigations and Enforcement.

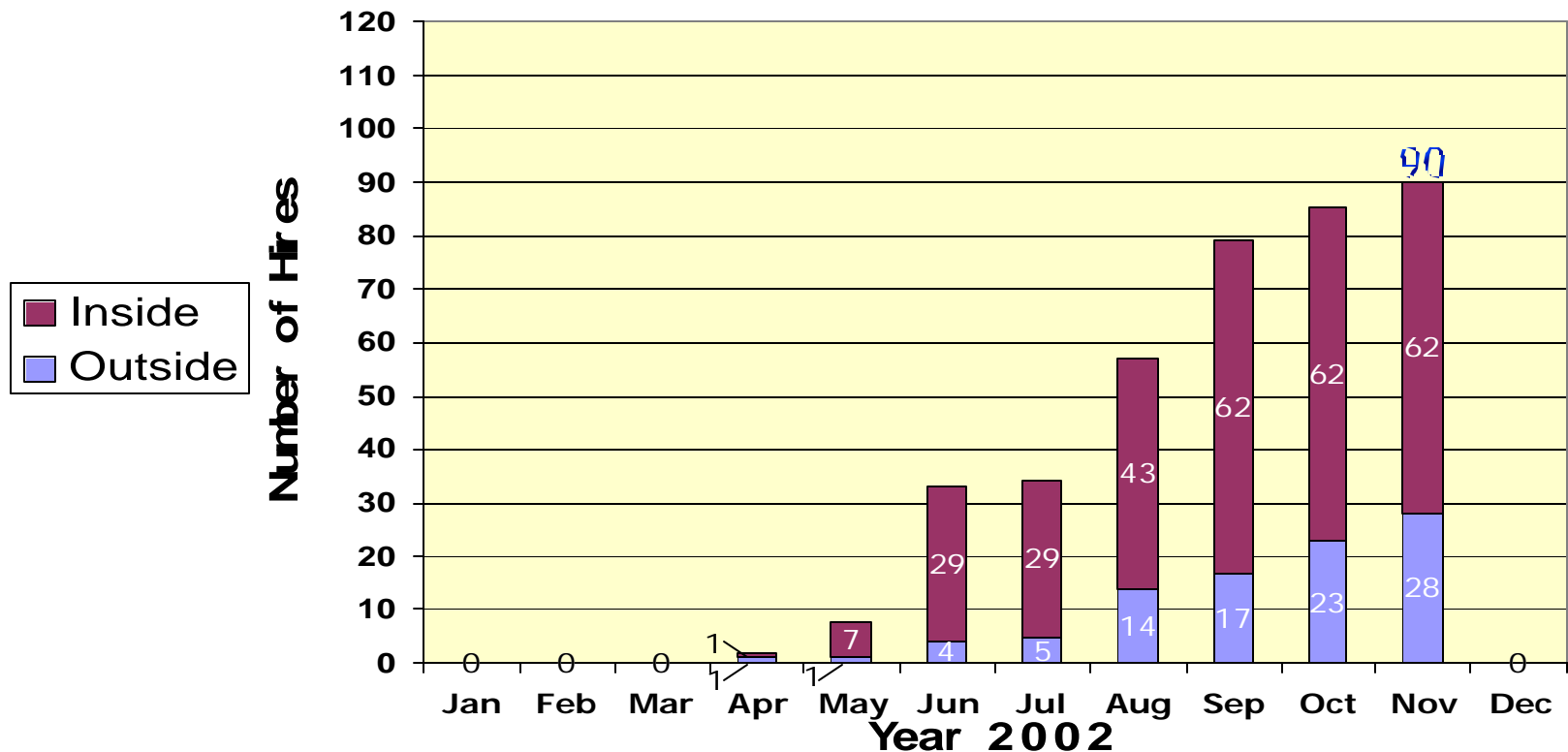
- Investigations and Enforcement
(Dennis O'Keefe)
 - Multi-disciplinary teams
 - Rapid decisions/actions where feasible
 - Informal solutions/facilitation first
 - NO PATIENCE with unresponsiveness

The Markets Need Respect for Rules.



OMOI Has Ramped Up Quickly.

OMOI Inside/Outside Cumulative Hires
from January - November 2002



OMOI Is Only A Part of FERC's Customer Protection Efforts.

OMOI

New Enforcement and Investigations (50+)

Market Monitoring Unit Coordination

Monitoring Follow-up on SMD

Financial/Risk Analysis (Trust Restoration)

Other FERC



Enron and Western Markets Investigations

SMD

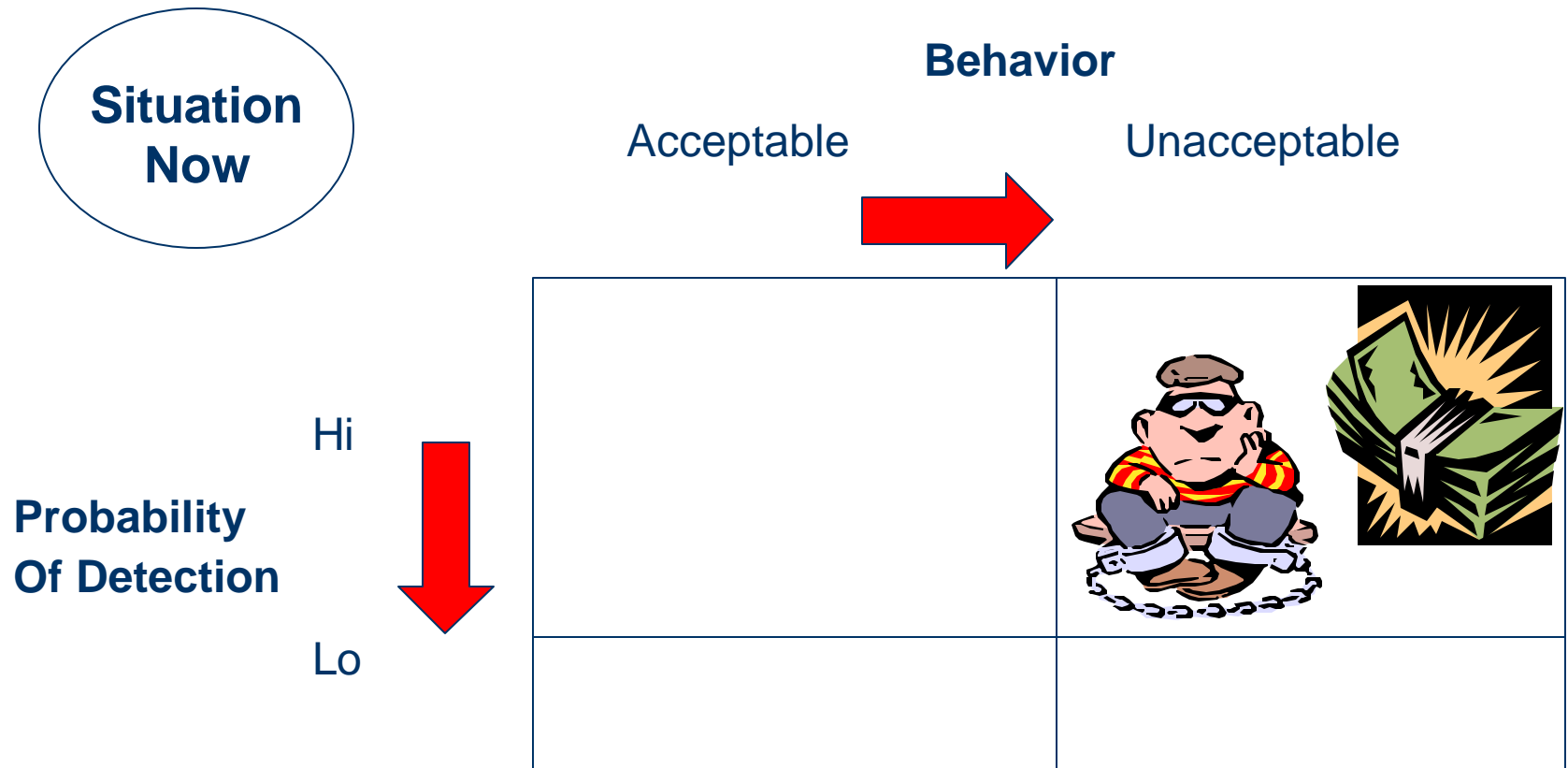
Financial Audits

Transaction Reporting (Moving to OMOI)

What is an “Enforcement Problem?”

<div>Earlier Situation</div>		Behavior	
		Acceptable	Unacceptable
Probability Of Detection	Hi		 
	Lo		

OMOI has an Increasingly Effective Program to Stop Unacceptable Behavior.



Responsible Companies Should Act Immediately.

- Conduct thorough internal investigations.
- Report results to OMOI.
 - Contact Dennis O’Keefe, Deputy Director at 202-502-8932
- Examine best practices (e.g., CCRO).
 - www.ccro.org
- Consider establishing an internal ombudsman.
- Report bad behavior by others.

Working Together We Can Clean This Up.

- 100 yrs ago: Trust busting was the regulatory challenge

NOW: Trust building

- Unique confluence of interests
 - State and Federal
 - Government/Industry/Customers
- Indignation toward unethical behavior
- Cop on the Beat – OMOI
- Neighborhood Watch - You

Enforcement Hotline

1-877-337-2664

and

hotline@ferc.gov